

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

RECEIVED

APR 19 2004

ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-03720A
Water Utility of Northern Scottsdale
3800 North Central Avenue, Suite 770
Phoenix AZ 85012-0000

ANNUAL REPORT

FOR YEAR ENDING

12	31	2003
-----------	-----------	-------------

FOR COMMISSION USE

Ann04	03
--------------	-----------

COMPANY INFORMATION

Company Name (Business Name) Water Utility of Northern Scottsdale, Inc.

Mailing Address 3800 N. Central Ave. Suite 770

(Street)

Phoenix

(City)

AZ

(State)

85012

(Zip)

602-224-0711

Telephone No. (Include Area Code)

602-224-5455

Fax No. (Include Area Code)

602-725-0889

Pager/Cell No. (Include Area Code)

Email Address jmihlik@qwest.net

Local Office Mailing Address 401 E. Jackson Ave.

(Street)

Buckeye

(City)

AZ

(State)

85326

(Zip)

623-386-4252

Local Office Telephone No. (Include Area Code)

623-386-6638

Fax No. (Include Area Code)

623-764-1952

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: John Mihlik President

(Name)

(Title)

3800 N. Central Ave. Suite 770

(Street)

Phoenix

(City)

AZ

(State)

85012

(Zip)

602-244-0711

Telephone No. (Include Area Code)

602-224-5455

Fax No. (Include Area Code)

602-725-0889

Pager/Cell No. (Include Area Code)

Email Address jmihlik@qwest.net

On Site Manager: Jack Meister

(Name)

401 E. Jackson Ave.

(Street)

Buckeye

(City)

AZ

(State)

85326

(Zip)

623-386-4252

Telephone No. (Include Area Code)

623-386-6638

Fax No. (Include Area Code)

623-764-1952

Pager/Cell No. (Include Area Code)

Email Address jack@vwc.phxcoxmail.com

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: John F. Goodson
(Name)

2025 N. 3rd St. Phoenix AZ 85004
(Street) (City) (State) (Zip)

602-252-5110 602-257-1883 602-252-5823
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Bill Sullivan
(Name)

2712 N. 7th St. Phoenix AZ 85006
(Street) (City) (State) (Zip)

602-248-0372 602-266-8290
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Water Utility of Northern Scottsdale, Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	1,095	0	1,095
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,095	0	1,095

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Water Utility of Northern Scottsdale, Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2) SLHY	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	1,095		0
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,095		0

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 533	\$ 2,433
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies	291	14,739
151	Plant Material and Supplies		
162	Prepayments	793	0
174	Miscellaneous Current and Accrued Assets	0	196
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1,617	\$ 17,368
	FIXED ASSETS		
101	Utility Plant in Service	\$ 0	\$ 1,095
103	Property Held for Future Use		
105	Construction Work in Progress		1,024,033
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 0	\$ 1,025,128
	TOTAL ASSETS	\$ 1,617	\$ 1,042,496

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME	Water Utility of Northern Scottsdale, Inc.
---------------------	--

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		240
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		123
	TOTAL CURRENT LIABILITIES	\$ 0	\$ 363
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	442	1,026,974
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 442	\$ 1,026,974
	TOTAL LIABILITIES	\$ 442	\$ 1,027,337
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 2,000	\$ 2,000
211	Paid in Capital in Excess of Par Value	131	131
215	Retained Earnings	(956)	13,028
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 1,175	\$ 15,159
	TOTAL LIABILITIES AND CAPITAL	\$ 1,617	\$ 1,042,496

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$	\$ 3,108
460	Unmetered Water Revenue		
474	Other Water Revenues		157
	TOTAL REVENUES	\$ 0	\$ 3,265
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		274
621	Office Supplies and Expense	10	
630	Outside Services	169	922
635	Water Testing		360
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	319	195
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax	(109)	530
	TOTAL OPERATING EXPENSES	\$ 389	\$ 2,281
	OPERATING INCOME/(LOSS)	\$ (389)	\$ 984
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		20,000
426	Miscellaneous Non-Utility Expenses		(7,000)
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 13,000
	NET INCOME/(LOSS)	\$ (389)	\$ 13,984

COMPANY NAME

Water Utility of Northern Scottsdale, Inc.

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued			\$	\$
Amount Outstanding			\$	\$
Date of Maturity				
Interest Rate			%	%
Current Year Interest			\$	\$
Current Year Principal			\$	\$

Meter Deposit Balance at Test Year End

\$2,280

Meter Deposits Refunded During the Test Year

\$0

COMPANY NAME

Water Utility of Northern Scottsdale, Inc.

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-565172					2	2001
55-586186					2	2002

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
250,000	1		

COMPANY NAME

Water Utility of Northern Scottsdale, Inc.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC	
3	PVC	
4	PVC	
5		
6	PVC	
8	PVC	
10	PVC	
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	4
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME:

Water Utility of Northern Scottsdale, Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLON PUMPED (Thousands)
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER	4		
TOTAL		N/A	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes☒ No

If yes, provide the GPCPD amount: _____ - _____

What is the level of arsenic for each well on your system. < .05 mg/l*(If more than one well, please list each separately.)****Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME Water Utility of Northern Scottsdale, Inc. **YEAR ENDING 12/31/2003**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 0

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Water Utility of Northern Scottsdale, Inc. YEAR ENDING 12/31/2003

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>21,924</u>
Estimated or Actual Federal Tax Liability	<u>6,084</u>

State Taxable Income Reported	<u>23,566</u>
Estimated or Actual State Tax Liability	<u>1,642</u>

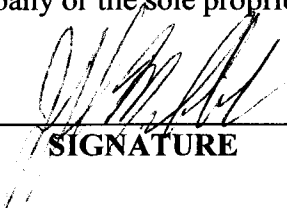
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4/15/04

DATE

J. John Mihlik

PRINTED NAME

President

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 19 2004

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Maricopa
NAME (OWNER OR OFFICIAL) TITLE
J. John Mihlik
COMPANY NAME
Water Utility of Northern Scottsdale, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 3,467

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 202
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th **DAY OF**



CHRISTINA VAN GOETHEM
Notary Public - Arizona
Maricopa County
Expires 10/31/06

MY COMMISSION EXPIRES 10/31/06

SIGNATURE OF OWNER OR OFFICIAL
602-224-0711

TELEPHONE NUMBER

COUNTY NAME	Maricopa
MONTH	April
	2004

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

APR 19 2004

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME) Maricopa	
NAME (OWNER OR OFFICIAL) J. John Mihlik	TITLE President
COMPANY NAME Water Utility of Northern Scottsdale, Inc.	

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

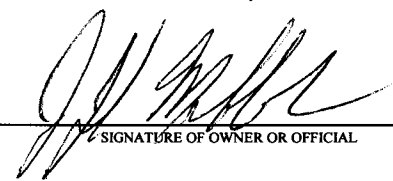
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 3,467

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 202
IN SALES TAXES BILLED, OR COLLECTED)


***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**




SIGNATURE OF OWNER OR OFFICIAL

602-224-0711

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 15th DAY OF
(SEAL)  CHRISTINA VAN GOETHEM
Notary Public - Arizona
Maricopa County
Expires 10/31/06
MY COMMISSION EXPIRES 10/31/06

NOTARY PUBLIC NAME Christina Van Goethem	
COUNTY NAME Maricopa	
MONTH April	2004

X 

SIGNATURE OF NOTARY PUBLIC